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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

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In the Matter of the Application of PACIFICORP for Approval of Its Proposed Electric Service Schedules & Electric Service Regulations	) ) ) )	DOCKET NO. 06-035-21  APPLICATION OF PACIFICORP
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PacifiCorp, doing business as Utah Power & Light Company (“PacifiCorp” or “Company”) hereby applies to the Utah Public Service Commission (“Commission”), pursuant to Utah Code Ann. § 54-7-12, for an order authorizing a general increase in its rates and charges for electric service provided in the state of Utah. In support of this Application, PacifiCorp states as follows:

1.

PacifiCorp is an electric public utility in the state of Utah and is subject to the Commission’s jurisdiction with respect to its prices and terms of electric service to retail customers in Utah.

2.

Communications regarding this filing should be addressed to:

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3.

PacifiCorp's current tariff rates were established by the Commission's Report and Order dated February 25, 2005 in Docket No. 04-035-42. The Company's current rates do not provide sufficient revenue for the Company to recover the reasonable costs of providing electric service in the state of Utah, are not just and reasonable as required by Utah Code Ann. § 54-3-1, and do not provide the opportunity to earn a reasonable rate of return.

4.

Based on a 12-month forecast test period ending September 30, 2007, which is the test period proposed by the Company in this case and discussed below, a return on equity of 11.4%, and a capital structure comprised of a capital structure of 46.2% long-term debt, 1.0% preferred stock, and 52.8% common equity, PacifiCorp is experiencing an annual revenue deficiency for service in Utah of approximately \$197.2 million based on the Revised Protocol methodology, with the appropriate rate mitigation cap applied.

5.

The Company has used a forecast test year that begins October 1, 2006 and ends September 30, 2007. The intent is to effect a change in rates concurrent with when costs are incurred, and to select a test period that best reflects the conditions that will exist during the rate effective period. Section 54-4-4(3)(b)(i) authorizes the Commission, in establishing the test period, to use “a future test period that is determined on the basis of projected data not exceeding 20 months from the date a proposed rate increase or decrease is filed with the commission.” The Company’s filing in this case complies with the 20-month limit.

6.

PacifiCorp’s direct case for this filing consists of the testimony and exhibits of the following witnesses:

**A. Richard Walje**, President, Utah Power presents an overview of the Company’s filing and establishes the context of the case for the witnesses who will testify regarding the Company’s specific proposals.

**Jeffery K. Larsen**, Managing Director, Regulatory Affairs, will explain why the future test year that begins on October 1, 2006 and ends on September 30, 2007 best reflects the conditions that the Company expects to experience in the rate-effective period.

**Samuel C. Hadaway**, FINANCO, Inc. will testify concerning the Company’s return on equity. He will also describe the unique operational risks that PacifiCorp faces and why the Commission should add an ROE adjustment to account for PacifiCorp’s higher risks.

**Bruce N. Williams**, Treasurer, will testify concerning the Company’s cost of debt, preferred stock and capital structure.

**Mark Klein**, Managing Director, Planning and Analytics, will testify as to the changing load factors and load shape within Utah. He will explain how Utah's growth relates to the other states in the PacifiCorp system and how the changing underlying and peak growth in Utah is driving the overall system demand. He will also provide a view of future system growth in Utah relative to the other states.

**J. Ted Weston**, Revenue Requirement Manager, will present the Company's overall revenue requirement based on the forecasted results of operations for the test year ended September 2007. Mr. Weston will describe the sources of the forecast data and present normalizing adjustments related to revenue, operation and maintenance expense, net power costs, depreciation and amortization, taxes and rate base.

**Mark T. Widmer**, Director of Net Power Cost, will testify regarding PacifiCorp's net power costs. Mr. Widmer will describe the calculation of net power costs. Mr. Widmer will also describe the Company's production cost model and explain how input data is normalized in that model.

**Darrell T. Gerrard**, Vice President of Transmission and Distribution Engineering and Asset Management, will explain the reasons for the increased expenditures during the test year related to the operation and maintenance of PacifiCorp's Utah electrical distribution system. Mr. Gerrard explains these increases and the circumstances that are driving them.

**Mark R. Tallman**, Managing Director, Trading and Origination, will testify regarding PacifiCorp's new major resource acquisitions.

**Barry G. Cunningham**, Senior Vice President, Generation, will explain the reason for and prudence of the increased generation related overhaul and maintenance expenses for the test period. His testimony also demonstrates the prudence of constructing a flue gas de-sulfurization system (scrubber) for Huntington Unit 2.

**Daniel J. Rosborough**, Director of Employee Benefits, will testify regarding the Company's increased pension and employee benefit costs.

**Erich D. Wilson**, Director of Compensation, will provide an overview of and support for PacifiCorp's compensation plans which include base pay, and annual and long term incentive compensation.

**Karl G. Anderberg**, Cost of Service Manager, will present the class cost of service study.

**David L. Taylor**, Manager Regulation, will provide an overview of the Utah Cost of Service and Rate Design Task Force and explain the proposed changes in the allocation procedures used in the cost of service study.

**William R. Griffith**, Director of Pricing and Cost of Service, will present the Company rate spread and rate design proposals.

**Carole A. Rockney**, Director, Customer and Regulatory Liaison, will testify regarding proposed changes in the Company's Electric Service Regulations and Schedules.

WHEREFORE, PacifiCorp respectfully requests that the Commission issue its Order:

1. Approving PacifiCorp's proposed tariff schedules and regulations and revenue requirement increase, as described in its testimony and exhibits; and
2. Providing such further relief as the Commission deems just and reasonable.

DATED: March 7, 2006.

Respectfully submitted,

STOEL RIVES LLP

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Edward A. Hunter  
Jennifer H. Martin

Of Attorneys for PacifiCorp